

DEBORAH MCCARTHY- KATRINA WORKING GROUP

COMMITTEE ON GOVERNMENT REFORM

APRIL 6, 10:00 AM

Mr. Chairman, Members of the Committee,

In response to the impact of Hurricane Katrina, this nation received an amazing outpouring of offers of assistance from around the globe, from countries rich and poor, from private companies both large and small, from associations, from students and from senior citizens. As the world viewed the devastation across the states of Louisiana, Mississippi and Alabama, as it saw the suffering of those displaced, it responded with extraordinary generosity. Just as many nations and entities have received our bountiful assistance in their hour of need, they gave in ours.

In all, 151 nations, political entities and international organizations offered material and/or cash assistance to the United States Government. Beyond these gifts to the United States Government, there were hundreds if not thousands of gifts made directly to the states affected, to charitable organizations, or to those who suffered the Hurricane's devastation. There is no precise measure of the total amount of public and private international assistance given, but perhaps there need not be.

For, beyond the dollar value that can be attributed to the international assistance given by foreign citizens and governments, is the significance of their gestures of generosity. Their gestures demonstrated that the United States and the American people have strong support around the world.

In September of last year, I directed the Katrina Task Force, which was established at the State Department to assess and process international

offers of assistance and to help foreign missions find and assist their missing citizens. Since the Task Force was disbanded on September 18, I have been the Director of the Katrina Working Group in the Department. Our work has focused on 1) processing further offers of assistance; 2) thanking donors; 3) ensuring that cash donations to the USG received from foreign governments and private entities were used to benefit the victims of the Hurricane; and 4) participating in an interagency process to establish detailed procedures to handle likely offers of foreign assistance in future domestic crises, in fulfillment of the recommendations made by the Homeland Security Council.

This morning, I will outline the responsibilities of the Department of State under the National Response Plan, provide an overview of the international donations accepted by the USG and describe how they were processed, indicate the lessons learned from Katrina, and what we are doing to address the procedural gaps that have been identified.

We believe that, in the event of a future major domestic disaster, countries, particularly our close neighbors and partners, are again likely to be generous and forthcoming in offering assistance. As in the case of Hurricane Katrina, if there is an executive branch decision to accept such offers, we will have in place a detailed and efficient procedure to swiftly process the assistance proffered by the international community.

Responsibilities of the Department of State under the National Response Plan:

The National Response Plan's International Coordination Support Annex identifies the Department of State as the primary coordinating agency for the management of international assistance in response to an Incident of National Significance.

The Secretary of State is responsible for maintaining relations with foreign nations and coordinating the international aspects of a domestic

incident. In this capacity, the Department administers responses to both foreign offers of assistance and domestic requests for foreign aid. The Department, together with federal/state/local authorities, also has responsibilities regarding the protection of foreign missions and their official personnel, and plays a liaison role between foreign and domestic authorities in the provision of information and emergency assistance to foreign nationals.

In the wake of Katrina and the remarkable response from around the world, the Administration determined that we would, in principle, accept all offers of foreign assistance.

Flow and types of International Offers of Assistance:

The offers poured in immediately after Katrina's landfall, rising from 7 offers on August 30 to 122 by September 9. Material offers included tarps, beds, use of ships, helicopters, generators, children's clothing, first aid kits, food, high speed pumps, towels, water, diapers, life rafts, chlorine tablets, disinfectants, water purification equipment, education kits, and cleaning as well as medical supplies. Many countries offered specialized search and rescue, forensic and emergency medical personnel.

These offers described above were from governments. Private individuals also made numerous gifts, with the bulk going directly to NGOs or private groups in the affected areas. I must mention several of these: 1) the donation of an entire life's savings by a senior citizen in Europe who arrived at one of our Embassies and asked that this gift be accepted in return for her having been liberated by US soldiers from a concentration camp after World War II; 2) the donation from one family in France of a check for 500,000 euros or 602,000 U.S. dollars; 3) the millions of dollars in private donations from individuals and companies in Japan; 4) the funds raised by many of our own Foreign Service Nationals in our Missions overseas; and 5) the offers of many Canadians

to open up their homes to take in displaced people as they had after 9/11 when planes were stranded.

Management of the International Offers of Assistance:

In accordance with the National Response Plan, the Department both coordinated offers of assistance from foreign entities and informed governments of specific requests for assistance based on needs conveyed to the Department by FEMA. On August 30, our Operations Center reached out to FEMA's Office of International Affairs to offer the State Department's help in tracking international offers of assistance as well as "welfare and whereabouts" inquiries regarding foreign citizens. On September 2, the Department made the decision to establish a Task Force to coordinate State Department activities and to link with key agencies, including the Department of Defense, as well as with the United Nations and other international organizations which offered assistance.

DHS and the Department of State agreed that the USAID's Office of Foreign Disaster Assistance (USAID/OFDA) with its long experience in handling assistance programs, would be the proper entity to convey offers of assistance to FEMA, coordinate responses and, for those offers accepted by the U.S. government be the logistical point of contact for receipt of the material. The State Department's Task Force established a mechanism for tracking international offers. An USAID/OFDA representative was included on the Task Force. State officers were also assigned to the USAID/OFDA Response Management Team (RMT). A daily interagency videoconference was established to coordinate relief shipments.

As FEMA determined its operational requirements and identified needed resources from the international assistance offers, DOS coordinated acceptance messages with our overseas embassies and directed that

logistical arrangements be coordinated with USAID/OFDA for receipt of the gifts.

To assist in the distribution of the assistance, the Department established a forward office (State Department South) with 70 persons to support the Joint Interagency Field office in Baton Rouge. Led by a Senior Officer, the office included representatives from State bureaus as well as USAID/OFDA.

USAID/OFDA and FEMA used Little Rock as staging areas for international commodities, and USAID/OFDA leased a warehouse to receive these resources and coordinate distribution of the material with FEMA.

A significant portion of the material international assistance received came from NATO countries and partners as well as Mexico. The acceptance and delivery of much of this assistance was coordinated with NORTHCOM and other DOD elements. To facilitate NORTHCOM's receiving assistance rapidly, instead of requiring FEMA to validate a military need, some offers were coordinated directly by NORTHCOM, with the State Department's Task Force advised of that coordination.

To help transport airlift of European assistance, NATO stood up the EADRCC (Euro-Atlantic Disaster Response Coordination Centre), and provided a liaison located with the USAID/OFDA staff to assist in coordinating NATO airlift. Diplomatic clearances for flights carrying assistance from military channels were coordinated through the Department of State's Task Force. Those for civilian flights were coordinated through TSA.

The Task Force prepared a series of messages to our Missions overseas providing guidance and updates on the handling of international offers of assistance, both material and cash. Posts were informed via cable on specific acceptance of offers of assistance with instructions provided to either establish contact with USAID/OFDA prior to any movement of

material or to request specific approval of any cash donations to the USG.

In an unanticipated outpouring of generosity, foreign governments and international organizations provided \$126 million in cash donations to the U.S. Government.

The Department of State, in consultation with the Department of Treasury, determined that a specific pre-existing deposit account, “19 X 6755, General Deposits, Department of State”, was the most appropriate vehicle to place the donations in our role as temporary custodian of the funds given by foreign entities. Funds maintained in Treasury accounts do not ordinarily accumulate interest absent specific statutory authority.

To establish a point of reconciliation, the Department reviewed and documented the balance of the 19 X 6755 account at the baseline date of July 31, 2005. The account had a prior year balance but no current year activity. All subsequent collections related to Hurricane Katrina relief donations were recorded in the Department’s accounting system under this account symbol for reconciliation with the Treasury account balance. Additional monitoring was added in the Office of Accounting Operations to review overseas collection transaction recording between our overseas and Headquarters financial systems. All Hurricane Katrina relief receipts were also independently monitored and reported on an inception-to-date cumulative daily collections report provided to senior State Department officials, by the Office of the Managing Director, Global Financial Operations, Bureau of Resource Management.

On September 15 at a Homeland Security Council meeting, the Department of State agreed to take the lead in developing options on how to distribute and utilize the donated funds. Subsequently, the Department of State and National Security Council initiated an interagency -working level process to review potential uses for the international cash donations. At a meeting on September 23, 2005, FEMA was requested to provide proposals for use of the funds for

consideration at an October 7 meeting. It was subsequently agreed to provide FEMA \$66 million of the foreign donations to use for case management services for hurricane victims. DHS and DOS entered into a Memorandum of Agreement (MOA), which specified that DHS/FEMA would assume full responsibility for these funds upon transfer, including providing for sufficient internal controls, transparent accountability, adherence to relevant Federal financial procedures and regulations, and would provide information to the Department to report to donors. The MOA was signed on October 19, 2005 and the funds were transferred from State to DHS on October 20.

The interagency group, led by the Department, then focused on directing the balance of the funds toward immediate, tangible reconstruction programs for which the generosity of donors could be easily recognized. After considering various options, it was ultimately decided through the interagency group that funds should be directed to support the needs of schools devastated by the Hurricane, including by providing funds for reconstruction, equipment, support for faculty, scholarships and financial support for students. On March 16, 2006, the Department of State signed an MOA with the Department of Education for projects to assist schools affected by the hurricane, and on March 17, 2006, \$66 million was transferred to the Department of Education.

Lessons Learned:

The Federal Response to Hurricane Katrina Lessons Learned includes a number of recommendations for the Department of State and other agencies in the NRP with regards to the management of foreign assistance and foreign nationals in cases of domestic crisis. As enumerated in recommendations 89 to 97, more detailed procedures are needed to process offers of international assistance, and to ensure that the needs of foreign missions are included in the international coordination support annex of the NRP.

The specific recommendations are listed below:

1. DOS should lead the revision of the International Coordination Support Annex to the NRP, clarifying responsibilities of State, the Department of Homeland Security (DHS), DOD, and other supporting agencies in response to domestic incidents. This revision should begin immediately.
2. Prior to June 1, 2006, State and DHS should lead an interagency effort that will quickly develop procedures to review, accept or reject any offers of international assistance for a domestic catastrophic incident. This should include an appropriate mechanism, led by DHS and supported by State and Treasury, to receive, disburse, and audit any cash assistance received in support of victim needs. These operating procedures should include:
 - a. A coordination process among Federal agencies and non-governmental partners to solicit, accept, receive, integrate and distribute foreign assistance;
 - b. An expedited review process for international aid that addresses both critical needs and legitimate foreign policy objectives;
 - c. The inclusion of a USAID representative to the Joint Field Office (JFO);
 - d. The inclusion of a representative from USAID/OFDA on the State Department Task Force and a DOS representative on USAID/OFDA's RMT to improve interagency coordination; also the addition of a DHS representative to both task forces to provide more efficient information sharing about assistance needs on the ground.

What we are doing to address the gaps identified: The Department of State, along with the agencies testifying this morning and others not

present, is participating in several working groups. One is focusing on material donations and is developing a manual on the processing of offers of assistance. Another is developing procedures for handling cash donations to enable a rapid application of gifts received. A third is focusing on developing guidelines to keep foreign missions abreast of USG response in cases of major disasters. Still another is addressing the issues related to public communications with foreign media. These groups are on target to meet deadlines given by the HSC, which will review their work.

Conclusion:

Our nation received an unprecedented amount of international assistance in the wake of Hurricane Katrina, reflective of the fact that people and governments around the world are prepared to support us and stand with us in our hour of need.

We want to thank the international community and all those private citizens who gave so generously. We have ensured that the gifts made reached those affected by the Hurricane Katrina.

We believe that in a major domestic crisis, it is likely that we will again receive generous and additional offers of assistance from the international community, particularly from neighbors and close partners. Should the U.S. Government decide to accept in principle international offers to meet the crisis, we will have the mechanisms in place to quickly process the assistance given.

I would like to thank the Committee for the opportunity to discuss the international support we received during Katrina and look forward to responding to your questions.

